Form (2)

Republic of the Union of Myanmar
Sr. No. 5781
Dated 3.5.2012
Myanmar Investment Commission

The Myanmar Investment Commission

PERMIT

Permit No. 477/2012 Date 3rd May, 2012

The Myanmar Investment Commission issues this Permit under Section 10 of the Republic of the Union of Myanmar Foreign Investment Law-

(a) Name of Promoter MR. FRANZ KOLLER

(b) Citizenship GERMAN

(c) Address 6, EU TONG SEN STREET # 07-15, THE CENTRAL SOHO 1 OFFICE TOWER, SINGAPORE 059817

(d) Name and Address of principal organization HIGSON INTERNATIONAL PTE LTD 6, EU TONG SEN STREET, #07-15, THE CENTRAL SOHO 1, OFFICE TOWER, SINGAPORE 059817

(e) Place of incorporation SINGAPORE

(f) Type of business in which investment is to be made MANUFACTURING OF GARMENTS ON CMP BASIS

(g) Place(s) at which investment is permitted NO. 473 (A-3) MOGOKE STREET INDUSTRIAL ZONE (1), SOUTH DAGON TOWNSHIP, YANGON REGION

(h) Amount of foreign capital US$ 0.500 MILLION

(i) Period for bringing in foreign capital WITHIN ONE YEAR FROM THE DATE OF ISSUANCE OF MIC PERMIT

(j) Total amount of capital (Kyat) EQUIVALENT IN KYAT OF US$ 0.500 MILLION

(k) Permitted duration of investment 30 YEARS

(l) Name of the economic organization to be formed in Myanmar EUROGATE SPORTSWEAR LTD.

Chairman

The Myanmar Investment Commission

ပြည်ထောင်စုသမ္မတမြန်မာနိုင်ငံတော်
စာအမှတ် [illegible]
ရက်စွဲ [illegible]
မြန်မာနိုင်ငံရင်းနှီးမြှုပ်နှံမှုကော်မရှင်

မြန်မာနိုင်ငံ ရင်းနှီးမြှုပ်နှံမှု ကော်မရှင်

ခွင့်ပြုမိန့်

ခွင့်ပြုမိန့်အမှတ် ၄၇၇/၂၀၁၂ ၂၀၁၂ ခုနှစ်၊ မေလ ၃ ရက်

ပြည်ထောင်စု သမ္မတမြန်မာနိုင်ငံတော် နိုင်ငံခြား ရင်းနှီးမြှုပ်နှံမှု ဥပဒေ ပုဒ်မ (၁၀) အရ ဤခွင့်ပြုမိန့်ကို မြန်မာနိုင်ငံ ရင်းနှီးမြှုပ်နှံမှု ကော်မရှင်က ထုတ်ပေးလိုက်သည်-

(က) **ကမကထပြုသူ၏အမည်** MR. FRANZ KOLLER

(ခ) **မည်သည့် နိုင်ငံသား** GERMAN

(ဂ) **နေရပ်လိပ်စာ** 6, EU TONG SEN STREET #07-15, THE CENTRAL SOHO1 OFFICE TOWER, SINGAPORE 059817

(ဃ) **ပင်မအဖွဲ့အစည်းအမည်နှင့်လိပ်စာ** HIGSON INTERNATIONAL PTE. LTD. 6, EU TONG SEN STREET, # 07-15, THE CENTRAL SOHO 1, OFFICE TOWER, SINGAPORE 059817

(င) **ဖွဲ့စည်းရာအရပ်** SINGAPORE

(စ) **ရင်းနှီးမြှုပ်နှံမှုပြုလုပ်မည့်လုပ်ငန်းအမျိုးအစား** CMP စနစ်ဖြင့် အထည်ချုပ်လုပ်ငန်း

(ဆ) **ရင်းနှီးမြှုပ်နှံမှုပြုလုပ်ခွင့်ပြုသည့်အရပ်ဒေသ(များ)** မြေကွက်အမှတ် ၄၇၃-က-၃ မိုးကုတ်လမ်း၊ ဒဂုံမြို့သစ် တောင်ပိုင်းမြို့နယ်၊ စက်မှုဇုံ (၁)၊ ရန်ကုန်တိုင်းဒေသကြီး

(ဇ) **နိုင်ငံခြားမတည်ငွေရင်း** အမေရိကန်ဒေါ်လာ ၀.၅၀၀ သန်း

(ဈ) **နိုင်ငံခြားမတည်ငွေရင်းယူဆောင်လာရမည့်ကာလ** ကော်မရှင် ခွင့်ပြုမိန့် ရရှိပြီး(၁)နှစ်အတွင်း

(ည) **စုစုပေါင်း မတည်ငွေရင်းပမာဏ(ကျပ်)** အမေရိကန်ဒေါ်လာ ၀.၅၀၀ သန်း နှင့် ညီမျှသော မြန်မာကျပ်ငွေ

(ဋ) **ရင်းနှီးမြှုပ်နှံခွင့်ပြုသည့် သက်တမ်း** ၃၀ နှစ်

(ဌ) **မြန်မာနိုင်ငံတွင် ဖွဲ့စည်းမည့် စီးပွားရေး အဖွဲ့အစည်းအမည်** EUROGATE SPORTSWEAR LTD.

ဥက္ကဋ္ဌ
မြန်မာနိုင်ငံရင်းနှီးမြှုပ်နှံမှုကော်မရှင်

Confidential

REPUBLIC OF THE UNION OF MYANMAR
MYANMAR INVESTMENT COMMISSION
Building No.(32), Nay Pyi Taw

Our ref : Ya Ka-1/Na-649 / 2012(5784) Tel: 067-06334,406075

Dated : 3 May 2012. Fax: 95-67-406333

Subject : **Decision of the Myanmar Investment Commission on the Proposal for "Manufacturing of Garment on CMP Basis" under the name of "Eurogate Sportswear Ltd."**

Reference: **Eurogate Sportswear Ltd.** Letter dated (31-1-2012)

1. The Myanmar Investment Commission, at its meeting (11/2012) held on(4-4 -2012) had approved the proposal for investment in "Manufacturing of Garment on CMP Basis" under the name of "Eurogate Sportswear Ltd." submitted as a joint venture between Silk Garment Co., Ltd. and Higson International Pte, Ltd. of the Republic of Singapore.

2. Hence, the "Permit" is herewith issued in accordance with Chapter VI, Section 10 of the Republic of the Union of Myanmar Foreign Investment Law and Chapter VI, Rule 13 of the Procedures relating to the said Law. Terms and conditions to the "Permit" are stated in the following paragraphs.

3. The permitted duration of the project shall be 30 (Thirty) years commencing from the date of signing of the Lease Agreement and extendable for another 5 (Five)years period by mutual agreement between both parties. At the end of the Leased Agreement, Eurogate Sportswear Ltd. shall transfer the leased land and immovable properties to the lessor within 3 months in good condition, ground damages having been refilled and repaired.

4. The annual rent for the land and building shall be US $ 48,000 (United States Dollar Forty Eight Thousand only) calculated at the rate of US$ 12.42 per square meter per annum on the leased land area of 0.955 acres(3864.75 square meter). The rate of rent shall be revised in view of prevailing land lease rates after every 5 (Five) years period and the rate of increase shall not be more than 10% of the previous rate.

5. In issuing this "Permit," the Commission has granted amongst the followings, exemptions and reliefs as per Section 21(a)(i) and (j) of the Union of Myanmar Foreign Investment Law. Other exemptions and reliefs

under Section (21) shall have to be applied upon the actual performance of the project;

(a) As per section-21(a), exemption from income tax up to 36 (Thirty six) months starting from the month of commencement of commercial operation.

(b) As per section-21(b), exemption from income tax on profits of the business if they are maintained in a reserve fund and re-invested there in within one year after the reserve is made.

(c) As per section-21(c), right to accelerate depreciation in respect of machinery, equipment, building of other capital assets used in the business to the extent of the original value for the purpose of income- tax assessment.

(d) As per section-21(d),relief from income tax up to 50 percent on profits accrued from exports, following a 3-year tax holiday period.

(e) As per section-21(e), right to pay income-tax payable to the State on behalf of foreigners who have come from abroad and are employed in the enterprise and the right to deduct such payment from the assessable income.

(f) As per section-21(f), right to pay income-tax on the income of the above-mentioned foreigners at the rates applicable to the citizens residing within the country.

(g) As per section-21(g), right to deduct from the assessable income such expense incurred in respect of research and development relating to the enterprise which are actually required and are carried out within the State, only after 3 years tax holiday period.

(h) As per section-21(h), right to carry forward and set-off up to three consecutive years from the year the loss is sustained following the enjoyment of exemption from income-tax, in accordance with Section-4 of the Income Tax Amendment Law, 1991.

(i) As per section-21(i), exemption from customs duty and all other internal taxes on machinery, equipment, instruments, machinery components, spare parts and materials used in the business, which are imported as they are actually required for use during the period of construction.

(j) As per section-21(j), exemption from customs duty and all other internal taxes on such raw materials which are actually required for operation of the business shall be granted within three years of commercial operation following the period of construction.

6. Eurogate Sportswear Ltd. shall have to sign the Lease Agreement with Silk Garment Industrial Co. Ltd. After signing such Agreement, (5) copies each of those shall have to be forwarded to the Commission.

7. Eurogate Sportswear Ltd. in consultation with the Department of Company Registration, Directorate of Investment and Company Administration shall have to be registered. After registration, (5) copies each of Certificate of Incorporation and Memorandum and Articles of Association shall have to be forwarded to the Commission.

8. Eurogate Sportswear Ltd. shall use its best efforts for timely realization of works stated in the Proposal. If none of such works has been commenced within one year from the date of issue of this "Permit" it shall become null and void.

9. The commercial date of operation shall be reported to the Commission.

10. Eurogate Sportswear Ltd. shall endeavour to meet the targets for production and export stated in the proposal as the minimum target.

11. The Commission approves periodical appointments of foreign experts and technicians from abroad as per proposal. Eurogate Sportswear Ltd. shall have to consult with Directorate of Labour, Ministry of Labour for appointment of such foreign experts and technicians.

12. In order to evaluate foreign capital in terms of Kyats and for the purpose of its registration in accordance with the provision under Section-24 of the Union of Myanmar Foreign Investment Law, it is compulsory to report as early as possible in the following manner:-

(a) the amount of foreign currency brought into Myanmar, attached with the necessary documents issued by the respective bank where the account is opened;

(b) the detailed lists of the type and value of foreign capital defined under Section-2(h) of the said Law, other than foreign currency.

13. Whenever Eurogate Sportswear Ltd. brings in foreign capital defined under Section-2(h) of the said Law, other than foreign currency in the manner stated in paragraph 15(b) mentioned above, the Inspection Certificate endorsed and issued by an internationally recognized Inspection Firm with regard to quantity, quality and price of imported materials shall have to be attached.

14. After all types of foreign capital (foreign currency and other types of foreign capital) have been brought into Myanmar, a report shall have to be submitted to the Commission as prescribed, vide letter No. Na-Ya 9/101/92(416) dated 3-12-92 [Annexure (1)]

15. Eurogate Sportswear Ltd. shall have the right to conduct account transfer in exchanging foreign currency into Kyat and vice-versa as per para 20 of the Notification No. 40/2011 issued by the Government of the Republic of the Union of Myanmar, dated 30 September 2011.

16. Eurogate Sportswear Ltd. shall report to the Commission for any alteration in the physical and financial plan of the project. Cost over run, over and above the investment amount pledged in both local and foreign currency shall have to be reported as early as possible.

17. Eurogate Sportswear Ltd. shall be responsible for the preservation of the environment at and around the area of the project site. Hence, it shall observe the directive issued by the Commission vide letter No. Ya Ka-1/139/94(0440) dated 30-6-94 [Annexure(2)] to undertake all proper treatment systems and other necessary environmental control systems.

18. Eurogate Sportswear Ltd. shall follow the procedures prescribe by the Commission, vide letter no. Ya Ka-7/ 408/ 94(0424) dated 29-6-94 [Annexure (3)] to expedite the clearance of imports of capital and inter-industry use goods brought in as capital investment and raw materials required during the initial 3- years operation period.

19. Payment of principal and interest of the loan(if any) as well as payment for import of raw materials and spare parts etc. shall only be

made out of the official foreign exchange earnings of Eurogate Sportswear Ltd.

20. Eurogate Sportswear Ltd. in consultation with Myanma Insurance, shall effect such types of insurance defined under Chapter VIII, Rule 15 of the Procedures relating to the Union of Myanmar Foreign Investment Law.

(Soe Thane)
Chairman

Eurogate Sportswear Ltd.

cc:
1. Office of the Government of the Republic of the Union of Myanmar
2. Ministry of National Planning and Economic Development
3. Ministry of Finance and Revenue
4. Ministry of Commerce
5. Ministry of Construction
6. Ministry of Foreign Affairs
7. Ministry of Home Affairs
8. Ministry of Immigration and Population
9. Ministry of Labour
10. Ministry of Electric Power No.(2)
11. Director General, Directorate of Investment and Company Administration
12. Director General ,Department of Human Settlement & Housing Development
13. Director General, Customs Department
14. Director General, Internal Revenue Department
15. Managing Director, Myanma Foreign Trade Bank
16. Managing Director, Myanma Investment and Commercial Bank
17. Managing Director, Myanma Insurance
18. Managing Director, Myanma Electric Power Enterprise
19. Director General, Directorate of Trade

20. Director General, Immigration and National Registration Department
21. Director General, Directorate of Labour
22. Chairman, Republic of the Union of Myanmar Federation of Chambers of Commerce and Industry(RUMFCCI)